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State of Montana
Office of the Legislative Auditor

REPORT TO THE LEGISLATURE

GREAT FALLS VOCATIONAL-TECHNICAL CENTER

Financial-Compliance Audit

For the Two Fiscal Years Ended June 30, 1987

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This report contains five recommendtions to the center. The most significant items addressed include compliance with federal regulations pertaining to financial aid programs.



Direct comments/inquiries to:
Office of the Legislative Auditor
Room 135, State Capitol
Helena, Montana 59620

FINANCIAL-COMPLIANCE AUDITS

Financial-compliance audits are conducted by the Office of the Legislative Auditor to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations which could have a significant financial impact. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office. Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

The Single Audit Act of 1984 and OMB Circular A-128 require the auditor to issue certain financial, internal control, and compliance reports regarding the state's federal financial assistance programs, including all findings of noncompliance and questioned costs. The Office of the Legislative Auditor issues a biennial Single Audit Report for the state of Montana which fulfills those requirements on a statewide basis. The audit report presented here is therefore not intended to meet all reporting requirements of the Single Audit Act of 1984 and OMB Circular A-128.

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STATE OF MONTANA
Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit

JAMES GILLET
Financial-Compliance Audit

JIM PELLEGRINI
Performance Audit

May 1988

The Legislative Audit Committee
of the Montana State Legislature:

This is our financial-compliance audit report on the Great Falls Vocational-Technical Center's financial activity for fiscal years 1985-86 and 1986-87. This report contains five recommendations. The most significant items addressed include compliance with federal regulations pertaining to financial aid programs.

We thank the director and the center's staff for their cooperation and assistance throughout the audit.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Scott A. Seacat", with a long, sweeping horizontal line extending to the right.

Scott A. Seacat
Legislative Auditor

Office of the Legislative Auditor

GREAT FALLS VOCATIONAL - TECHNICAL CENTER

Financial-Compliance Audit for the
Two Fiscal Years Ended June 30, 1987

Audit Staff involved in this audit include: Geri Huschka, Jim Manning, Bill O'Donnell, and Kathy Walsh.

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GREAT FALLS VOCATIONAL-TECHNICAL CENTER

APPOINTED AND ADMINISTRATIVE OFFICIALS

BOARD OF REGENTS OF HIGHER EDUCATION

		Term <u>Expires</u>
Ted Schwinden, Governor*		1988
Ed Argenbright, Superintendent of Public Instruction *		1988
Dennis E. Lind, Chairman	Missoula	1989
Burt Hurwitz, Vice Chairman	White Sulphur Springs	1993
Beatrice McCarthy	Anaconda	1990
Elsie Redlin	Lambert	1991
Jim Kaze	Havre	1992
William L. Mathers	Miles City	1994
Leslie L. Kehoe, Student Representative	Bozeman	1988
*Ex officio member		

ADMINISTRATIVE OFFICIALS

Carrol Krause	Commissioner of Higher Education
John H. Noble, Jr.	Deputy Commissioner for Manage- ment and Fiscal Affairs
Brady J. Vardemann	Deputy Commissioner for Vocational Technical Education

GREAT FALLS VOCATIONAL-TECHNICAL CENTER

Willard R. Weaver	Director
Mary Ellen Baukol	Fiscal Officer

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
ELECTED AND ADMINISTRATIVE OFFICIALS - PRIOR TO JULY 1987*

OFFICE OF SUPERINTENDENT OF PUBLIC INSTRUCTION

Ed Argenbright	Superintendent of Public Instruction
Gene Christiaansen	Assistant Superintendent for Vocational Education Services

GREAT FALLS COUNTY HIGH SCHOOL DISTRICT

Board of Trustees

	<u>Term Expires</u>
Robert McIntyre, Chairperson	1988
Dixie Swanson, Vice-Chairperson	1989
George Walker	1990
Roneld Eustance	1989
Donald Hamilton	1990
W. A. "Bob" Lockhart	1989
Claudia L. Steen	1990

ADMINISTRATIVE OFFICIALS - SCHOOL DISTRICT

Jerry Weast	Superintendent
Lorin Fraizer	Assistant Superintendent
Jerry Hatch	Assistant Superintendent
Earl B. Lamb	Assistant Superintendent

*Note: During the audit period, fiscal years 1985-86 and 1986-87, the center was under the governance of the Office of Public Instruction. As of July 1, 1987, the governance changed to the Board of Regents of Higher Education.

SUMMARY OF AUDIT RECOMMENDATIONS

The following is a summary of recommendations from our financial-compliance audit of the Great Falls Vocational-Technical Center and the center's reply.

	<u>Page</u>
<u>Recommendation #1</u>	
The center comply with federal regulations by:	
A. Documenting its calculation of cost of attendance.	5
Center Reply: Concur. See page 24.	
B. Consistently applying the established cost of attendance.	5
Center Reply: Concur. See page 24.	
<u>Recommendation #2</u>	
The center:	
A. Recalculate all Pell grants made during our audit period to determine if overpayments occurred.	5
Center Reply: Concur. See page 24.	
B. Reimburse the Pell grant account for Pell grant overpayments.	6
Center Reply: Concur. See page 24.	
<u>Recommendation #3</u>	
The center improve review of student status changes to ensure lenders are notified within 60 days.	6
Center Reply: Concur. See page 24.	
<u>Recommendation #4</u>	
The center limit cash balances to one month's need.	7
Center Reply: Concur. See page 25.	
<u>Recommendation #5</u>	
The center clarify policies for determining withdrawal dates and drop/add cards processing.	7
Center Reply: Concur. See page 25.	

INTRODUCTION

We performed a financial-compliance audit of the Great Falls Vocational-Technical Center (GFVTC) for the two fiscal years ended June 30, 1987. Our audit objectives were to:

1. Present an opinion as to whether the financial schedules for the two fiscal years ended June 30, 1987, prepared from the center's Statewide Budgeting and Accounting System (SBAS) records, are fairly presented in accordance with state accounting policy.
2. Determine if the center complied with applicable state and federal laws and regulations.
3. Make recommendations for improvement in the management and internal controls of the center.
4. Verify the reasonableness of student contact hours and enrollment statistics reported by the center to the Office of the Superintendent of Public Instruction.
5. Determine the implementation status of prior audit recommendations.

This report contains five recommendations to the center. These recommendations address areas where the center can improve compliance with federal laws and regulations and management reporting of student enrollment. Other areas of concern deemed not to have a significant effect on the successful operations of the center are not specifically included in the report, but have been discussed with management.

In accordance with section 5-13-307, MCA, we analyzed the costs of implementing the recommendations made in this report. Each report section discloses the cost, if significant, of implementing the recommendation.

BACKGROUND

The Montana Legislature established the Great Falls Vocational-Technical Center in 1969 to offer employment training in vocational and technical fields. At that time the Great Falls School District had established, in five different locations throughout the city, postsecondary programs offering training through adult education, practical nursing, dental assistance, and food services. In 1971, these programs were physically consolidated into two elementary schools and administered as the Great Falls Vocational-Technical Center. Currently

the center operates in a building which was completed during 1977. The center's building was financed with \$2,000,000 of state funds and \$2,000,000 of local funds.

The Great Falls Vocational-Technical Center is one of five state-designated postsecondary vocational-technical centers. The center was governed by the Office of Public Instruction and the local board of trustees of the Great Falls Public Schools - District #1 during our audit period.

During fiscal year 1986-87, the center was authorized 47 full-time equivalent (FTE) employees, consisting of 31 instructional, 12 support and 4 maintenance FTE. During the audit period quarterly student FTE ranged between 336 and 377 students (excluding summer quarter). Footnote 6 on page 20 contains a schedule of full-time equivalent students for the two fiscal years ended June 30, 1987. The center offered the following programs during our audit period:

Bookkeeping/Accounting
Data Entry/Computer Operator
Mid-Management
Micro-Computer Management
Word Processor Operator
Dental Assistant
Nurse Attendant/Orderly

Practical Nurse
Respiratory Technician
Clerk Typist
General Office Clerk

Legal Secretary
Medical Secretary
Medical Transcriptionist
Dental Receptionist
Auto Body Repair and Refinishing
Watchmaking and Jewelry/Small Instrument Repair
Dinner Cook/Food Management
General Secretary
Respiratory Therapy

GOVERNANCE CHANGE

Chapter 658, Laws of 1987, transferred the governance of the post-secondary vocational technical centers to the Board of Regents of Higher Education from the Superintendent of Public Instruction effective July 1, 1987. There is a two year transition period from July 1, 1987 to June 30, 1989. As of July 1, 1987 all vocational technical center directors became state employees. All other vocational technical center employees will remain local school district employees until June 30, 1989. The Board of Regents must report to the 51st Legislature in January 1989 on the following (6) items.

- (1) A plan for reorganization of the delivery system for all postsecondary vocational technical education in Montana.

- (2) A long term plan for achieving high quality vocational technical centers through the possibility of program specialization at each center.
- (3) The feasibility and appropriateness of closure of one or more of the vocational technical facilities.
- (4) A plan for elimination of programs that serve few students.
- (5) A plan for consolidation of administrative functions of the individual centers which could result in cost savings and more efficient operations.
- (6) The feasibility of consolidating postsecondary vocational technical facilities and staff with nearby units of the university system.

Prior Audit Recommendations

The last audit of the Center was performed by our office for the two fiscal years ended June 30, 1985. Our report contained 13 recommendations which are still applicable to the center's operations. The center concurred with all recommendations. Of the 13 recommendations, the center implemented ten and began corrective action to address the other recommendations. However, at the end of the audit period three recommendations were only partially implemented. Those recommendations still applicable to the center but not fully implemented are discussed in this report as follows:

1. Compute financial aid awards based on students scheduled attendance (page 5).
2. Notify lenders within 60 days when a GSL recipient's enrollment status changes (page 6).
3. Maintain minimum cash balances sufficient to finance current disbursements (page 6).

STUDENT FINANCIAL ASSISTANCE

The center participates in the following federal student financial aid programs:

Guaranteed Student Loan (CFDA #84.032)
College Work Study (CFDA #84.033)
Pell Grants (CFDA #84.063)

Supplemental Educational Opportunity Grant (CFDA #84.007)
State Student Incentive Grant (CFDA #84.069)

The following sections discuss instances where the center is not correctly calculating financial aid awards and student financial need. These instances represent noncompliance with federal regulations, a potential for overpayments to financial aid recipients, and may jeopardize the federal funding of these programs.

Cost of Attendance

Federal regulations (34 CFR 682.605) require the institution to accurately and completely fill out its portion of Guaranteed Student Loan (GSL) applications. The information requested of the school pertains to eligibility of the student; estimated cost of attendance; and student's estimated financial assistance for the period. Federal regulations (34 CFR 682.200) state an institution must be able to justify and document the cost of attendance amounts established under the federal guidelines. Also, the institution is required to apply the established cost of attendance consistently to all students.

The center had no written procedures to document how the cost of attendance was determined for fiscal year 1985-86. We recreated these amounts based on the school's catalog price information to determine if the center's cost of education was reasonable. The center could not support the amount of tuition used in computing the cost of attendance. Budgeted tuition amounts did not match actual catalog prices. Also, in fiscal year 1985-86, we noted one instance out of twenty where the cost of attendance was not applied consistently. We could not determine how the center calculated one student's cost of attendance. Based on our audit work performed for GSL sample items, we noted no overpayments.

The center personnel could not produce the necessary supporting documentation because the financial aid officer who was responsible for these records is no longer employed by the center.

RECOMMENDATION #1

WE RECOMMEND THE CENTER COMPLY WITH FEDERAL REGULATIONS BY :

- A. DOCUMENTING ITS CALCULATION OF COST OF ATTENDANCE.
- B. CONSISTENTLY APPLYING THE ESTABLISHED COST OF ATTENDANCE.

Pell Overpayments

Federal regulations (34 CFR 690.80) establish liability of the center for any Pell overpayments it makes to a student. The center must restore those funds to the Pell Grant account even if it cannot collect the overpayment from the student. We noted six students with Pell overpayments out of 25 tested. The errors were made in the following three areas:

- a) Four students were awarded Pell grants based on full-time attendance when in fact the students were less than full-time.
- b) One student was awarded a Pell grants based on the wrong Student Aid Index number.
- c) Two students were awarded Pell grants based on a four quarter budget but attended school less than four quarters.

Note: One student was overpaid because of categories a and c.

A total of \$1,400 was overpaid to students we tested during fiscal years 1985-86 and 1986-87. We question these costs since they do not comply with federal regulations.

Center personnel indicated that the cause of the errors was due to human error. They were not aware of the above noted Pell overpayments. Similar problems were noted in the prior audit report. The center concurred with our prior recommendation but did not fully implement procedures to ensure overpayments would not occur.

RECOMMENDATION #2

WE RECOMMEND THE CENTER:

- A. RECALCULATE ALL PELL GRANTS MADE DURING OUR AUDIT PERIOD TO DETERMINE IF OVERPAYMENTS OCCURRED. •

B. REIMBURSE THE PELL GRANT ACCOUNT FOR PELL GRANT OVERPAYMENTS.

GSL - Enrollment Status

Federal regulations (34 CFR 682.612) require the center to report to the lender within 60 days, changes in enrollment status, for students who receive a Guaranteed Student Loan (GSL). We noted one out of fifteen students tested where the lender bank was not notified within 60 days of change in enrollment status for fiscal year 1986-87.

This issue was noted in our previous audit. At that time, we recommended the center establish procedures to ensure lenders are notified within 60 days when a GSL recipient's enrollment status changes. Center personnel established procedures to notify the lenders, but this student was overlooked during the review of status changes.

RECOMMENDATION #3

WE RECOMMEND THE CENTER IMPROVE REVIEW OF STUDENT STATUS CHANGES TO ENSURE LENDERS ARE NOTIFIED WITHIN 60 DAYS.

Excess Federal Cash

For fiscal year 1986-87, the center had cash balances greater than amounts needed for disbursements. The Pell cash account had a minimum balance of \$4,461 for July, August and September 1986. The only activity was a \$42 disbursement which occurred in September. The SEOG cash account had a minimum balance of \$4,360 with no disbursements for five consecutive months. Federal regulations state "the amount of cash in the account should not exceed one month's need." By not complying with federal regulations, the center could jeopardize the funding for these programs. This issue was a prior audit recommendation. In response to our prior audit recommendation, the center attempted to obtain a letter of credit from the Department of Education.

Center personnel stated that estimates were made one month in advance to ensure cash was on hand. However, due to delays in processing Federal

cash requests and errors in estimating the cash needs, the center had excess cash balances during our audit period. The center switched to a wire transfer system in December 1987 which should alleviate any potential excess cash.

RECOMMENDATION #4

WE RECOMMEND THE CENTER LIMIT CASH BALANCES TO ONE MONTH'S NEED.

FULL-TIME EQUIVALENT STUDENTS

In our examination of full-time equivalent (FTE) student counts, we noted several instances where the center made minor errors in its calculations. Two causes for the discrepancies were: a) the center used a constant 60 days even though the length of the quarter varied; and b) the center can not ensure drop/add cards are completed and returned to admissions in a timely manner. Because the center used a constant 60 days to calculate FTEs, the center overstated fall quarter for each fiscal year by one day and understated spring quarter fiscal year 1986-87 by four days.

Center personnel stated the official withdrawal date is when the drop/add card is returned to admissions. However, the instructors adjust the twelfth day report to reflect any students who have withdrawn from a class. As a result, a conflict can exist between enrollment on the twelfth day report and the enrollment date in admissions.

No material errors were found in the center's FTE calculation reported to the Office of Public Instruction for fiscal years 1985-86 and 1986-87. However, a potential does exist to miscalculate FTEs which could affect state funding. The center has changed its calculation to include actual number of days in a quarter for fiscal year 1987-88.

RECOMMENDATION #5

WE RECOMMEND THE CENTER CLARIFY POLICIES FOR DETERMINING WITHDRAWAL DATES AND DROP/ADD CARD PROCESSING.

PROPERTY, PLANT AND EQUIPMENT

Due to the change in governance, a question arises on ownership of the land and buildings used by each of the five centers. The Great Falls Vo-Tech Center does not record any land and buildings on its accounting records but has library books and equipment recorded at \$1,023,208. The Great Falls School District has land and buildings used by the center, valued at \$4,309,416, recorded on the district accounting records.

The Commissioner of Higher Education is in the process of negotiating ownership of state assets versus school district assets pertaining to all five centers. We make no recommendation pending the resolution of the negotiations.

AUDITOR'S OPINION LETTER
AND CENTER FINANCIAL SCHEDULES

SUMMARY OF AUDIT OPINION

The audit opinion issued in this report is intended to convey to the reader of the financial schedules the degree of reliance that can be placed on the amounts presented. The financial schedules are prepared from SBAS without adjustments for errors noted during the audit.

The opinion issued in this report on the Great Falls Vocational-Technical Center's financial schedules and footnotes means that those schedules are reasonable, and the reader can rely on the amounts presented.



LEGISLATIVE AUDITOR:
SCOTT A. SEACAT
LEGAL COUNSEL:
JOHN W. NORTHEY

STATE OF MONTANA
Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit
JAMES GILLET
Financial-Compliance Audit
JIM PELLEGRINI
Performance Audit

The Legislative Audit Committee
of the Montana State Legislature:

We have examined the financial schedules of the Great Falls Vocational-Technical Center for each of the fiscal years ended June 30, 1986 and 1987, as shown on pages 10 through 22. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 1 to the financial schedules, the center's financial schedules are prepared in accordance with state accounting policy. Accordingly, the accompanying financial schedules are not intended to present financial position and the results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial schedules referred to in paragraph one present fairly the results of operations and the changes in fund balances of the Great Falls Vocational-Technical Center for each of the fiscal years ended June 30, 1986 and 1987 in conformity with the basis of accounting described in Note 1, which has been applied on a consistent basis.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Gillett".

James Gillett, CPA
Deputy Legislative Auditor

March 25, 1988

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1987

	CURRENT FUNDS				
	Unrestricted Subfund	Restricted Subfund	Designated Subfund	Auxiliary Subfund	Endowment Fund
FUND BALANCE: July 1, 1985	\$ 723	\$ 3,087	\$ 4,539	\$ 46,176	\$11,320
ADDITIONS					
<u>Fiscal Year 1985-86</u>					
Budgeted Revenue & Transfers In	1,706,417				
Nonbudgeted Revenue & Transfers In		241,835	21,614	185,900	
Total Revenue & Transfers In	1,706,417	241,835	21,614	185,900	
Prior Year Revenue - Additions/Adjustments	(23)	1,618			
Prior Year Transfer In Adjustment		75			
<u>Fiscal Year 1986-87</u>					
Budgeted Revenue & Transfers In	1,733,459				
Nonbudgeted Revenue & Transfers In	447	260,300	18,585	187,927	
Total Revenue & Transfers In	1,733,906	260,300	18,585	187,927	
Prior Year Revenue - Additions/Adjustments	(24,693)				
Prior Year Transfer In Adjustments	(12,435)				
Total Additions	3,403,172	503,828	40,199	373,827	
REDUCTIONS					
<u>Fiscal Year 1985-86</u>					
Budgeted Expenditures & Transfers Out	1,678,583				
Nonbudgeted Expenditures & Transfers Out	515	234,603	16,661	196,056	
Total Expenditures	1,679,098	234,603	16,661	196,056	
Prior Year Expenditure Adjustments	(12,155)	1,915			
Non-Budgeted PY Expenditure Adjustments	33,309	75			
Direct Entries To Fund Balance					(61)
Current Year Increase In Compensated Absences	59,250			317	
<u>Fiscal Year 1986-87</u>					
Budgeted Expenditures & Transfers Out	1,683,535				
Nonbudgeted Expenditures & Transfers Out	386	260,126	7,793	167,241	
Total Expenditures	1,683,921	260,126	7,793	167,241	
Prior Year Expenditure Adjustments	3,151				
Non-Budgeted PY Expenditure Adjustments	(15,730)	(455)		(586)	
Direct Entries To Fund Balance	-0-			1,898	
Current Year Increase In Compensated Absences	5,553			(122)	
Total Reductions	3,436,397	496,264	24,454	364,743	
FUND BALANCE: June 30, 1987	\$ (32,502) ¹	\$ 10,651	\$20,284	\$ 55,260	\$11,320

¹ The negative fund balance is due to recording a liability for compensated absences. Compensated absences will be paid out of resources obtained in future years.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is presented in the notes to the financial schedules on pages 18 through 22.

GREAT FALLS VOCATIONAL TECHNICAL CENTER
SCHEDULE OF TOTAL REVENUE AND TRANSFERS IN
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1987

	<u>Taxes</u>	<u>Service Fees</u>	<u>Investment Earnings</u>	<u>Rentals, Leases, & Royalties</u>	<u>Grants, Gifts, & Donations</u>	<u>Sale of Merchandise</u>	<u>Federal Assistance</u>	<u>Income Collections & Transfers</u>	<u>Miscellaneous</u>	<u>Total</u>
<u>86-87</u>										
Subfund	\$296,749	\$275,685		\$447				\$1,161,025		\$1,733,906
bfund			\$2,237		\$4,192		\$252,950	921		260,300
bfund		12,294				\$ 5,256			\$1,035	18,565
fund						187,927				187,927
1986-87	<u>\$296,749</u>	<u>\$287,979</u>	<u>\$2,237</u>	<u>\$447</u>	<u>\$4,192</u>	<u>\$193,183</u>	<u>\$252,950</u>	<u>\$1,161,946</u>	<u>\$1,035</u>	<u>\$2,200,718</u>
<u>85-86</u>										
Subfund	\$225,000	\$252,022						\$1,229,395		\$1,706,417
bfund			\$5,508		\$5,626		\$229,279	1,422		241,835
bfund		8,706				\$ 12,248			\$ 660	21,614
fund						185,900				185,900
1985-86	<u>\$225,000</u>	<u>\$260,728</u>	<u>\$5,508</u>		<u>\$5,626</u>	<u>\$198,148</u>	<u>\$229,279</u>	<u>\$1,230,817</u>	<u>\$ 660</u>	<u>\$2,155,766</u>

is prepared from the Statewide Budgeting and Accounting System. Additional information is presented in the notes to the financial schedules on page 22.

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED REVENUE AND TRANSFERS IN
ESTIMATE AND ACTUAL
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1987

	<u>Taxes</u>	<u>Service Fees</u>	<u>Income Collections & Transfers</u>	<u>Total</u>
<u>Fiscal Year 1986-87</u>				
CURRENT FUNDS:				
Unrestricted Subfund				
Estimated Revenue & Transfers In	\$337,000	\$250,839	\$1,173,132	\$1,760,971
Actual Revenue	<u>296,749</u>	<u>275,684</u>	<u>1,161,026</u>	<u>1,733,459</u>
Collections Over(under) Estimate	\$ <u>(40,251)</u>	\$ <u>24,845</u>	\$ <u>(12,106)</u>	\$ <u>(27,512)</u>
<u>Fiscal Year 1985-86</u>				
CURRENT FUNDS:				
Unrestricted Subfund				
Estimated Revenue & Transfers In	\$237,000	\$238,572	\$1,259,689	\$1,735,261
Actual Revenue	<u>225,000</u>	<u>252,022</u>	<u>1,229,395</u>	<u>1,706,417</u>
Collections Over(under) Estimate	<u>(12,000)</u>	<u>13,450</u>	<u>(30,294)</u>	<u>(28,844)</u>

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is presented in the notes to the financial schedules on pages 18 through 22.

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF TOTAL PROGRAM EXPENDITURES AND TRANSFERS OUT BY OBJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

	<u>Instruction</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Plant Operation & Maintenance</u>	<u>Scholarships and Fellowships</u>	<u>Auxiliary Enterprise</u>	<u>Support</u>	<u>Total</u>
VICES	\$768,985			\$ 358		\$ 362	\$284,264	\$1,053,969
s	8,074	\$2,953	\$ 439	62,333	\$ 349	12,465	20	86,633
netits	<u>162,683</u>			<u>20,865</u>		<u>2,152</u>	<u>66,079</u>	<u>249,759</u>
	<u>959,742</u>	<u>2,953</u>	<u>439</u>	<u>83,536</u>	<u>349</u>	<u>14,979</u>	<u>348,363</u>	<u>1,390,361</u>
PENSES								
Services	7,512					175	13,612	21,299
Materials	46,258	48	376	5,897		36,774	24,930	114,283
ons	853			11,474			11,509	23,836
	1,898		1,073				3,427	7,198
	<u>13,734</u>						<u>1,472</u>	<u>15,206</u>
				58,520				58,520
aintenance	15,426			6,272		1,013	5,223	27,934
ises	13,225		2,197	2,223	4,192	300	6,975	29,112
ased For Resale	<u>5,717</u>					<u>113,100</u>		<u>118,817</u>
	<u>104,623</u>	<u>48</u>	<u>6,446</u>	<u>84,386</u>	<u>4,192</u>	<u>151,362</u>	<u>67,168</u>	<u>616,205</u>
ND INTANGIBLE ASSETS								
	63,020		894			900		64,814
Assets	<u>63,020</u>		<u>894</u>			<u>900</u>		<u>64,814</u>
Sources					245,773			245,773
al Sources	<u>1,000</u>							<u>1,000</u>
Sources	<u>1,000</u>				<u>245,773</u>			<u>246,773</u>
ry	<u>267</u>				<u>654</u>			<u>921</u>
	<u>267</u>				<u>654</u>			<u>921</u>
AM EXPENDITURES	<u>\$1,108,652</u>	<u>\$3,001</u>	<u>\$5,779</u>	<u>\$167,922</u>	<u>\$250,968</u>	<u>\$167,241</u>	<u>\$415,511</u>	<u>\$2,119,074</u>

This is prepared from the Statewide Budgeting and Accounting System. Additional information is presented in the notes to the financial statements on pages 18 through 22.

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF TOTAL PROGRAM EXPENDITURES AND TRANSFERS OUT BY OBJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>Instruction</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Plant Operation & Maintenance</u>	<u>Scholarships and Fellowships</u>	<u>Auxiliary Enterprise</u>	<u>Support</u>	<u>Total</u>
SERVICES								
	\$ 752,074			\$ 318		\$ 4,496	\$314,496	\$1,071,384
ages	6,562	\$8,670	\$2,209	71,674	\$ 421	11,041		100,577
Benefits	<u>158,170</u>			<u>21,788</u>		<u>2,772</u>	<u>68,924</u>	<u>251,654</u>
	<u>916,806</u>	<u>8,670</u>	<u>2,209</u>	<u>93,780</u>	<u>421</u>	<u>18,309</u>	<u>383,420</u>	<u>1,423,615</u>
EXPENSES								
ed Services	2,398					2,000	33,362	37,760
& Materials	31,625	35	634	5,971		33,990	18,213	90,468
tions	68			10,303		65	12,446	22,882
	1,917		1,443	362			2,833	6,555
	<u>13,888</u>						<u>5,073</u>	<u>18,881</u>
				63,714				63,714
Maintenance	15,534			4,274		518	6,836	27,162
ences	7,700	49	2,554	2,134	4,126	172	4,208	20,943
chased For Resale	<u>10,841</u>					<u>136,171</u>		<u>147,012</u>
	<u>83,891</u>	<u>84</u>	<u>4,631</u>	<u>86,758</u>	<u>4,126</u>	<u>172,916</u>	<u>82,971</u>	<u>435,377</u>
AND INTANGIBLE ASSETS								
	46,776		2,535			4,830		54,141
le Assets	<u>46,776</u>		<u>2,535</u>			<u>4,830</u>		<u>54,141</u>
te Sources					209,019			209,019
rral Sources	<u>2,840</u>							<u>2,840</u>
rr Sources	<u>2,840</u>				<u>209,019</u>			<u>211,859</u>
S								
atory	<u>715</u>				<u>708</u>			<u>1,423</u>
	<u>715</u>				<u>708</u>			<u>1,423</u>
PROGRAM EXPENDITURES	<u>\$1,051,028</u>	<u>\$8,754</u>	<u>\$9,375</u>	<u>\$180,538</u>	<u>\$214,274</u>	<u>\$196,055</u>	<u>\$466,391</u>	<u>\$2,126,415</u>

Module is prepared from the Statewide Budgeting and Accounting System. Additional information is presented in the notes to the financial schedules on through 22.

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES AND TRANSFERS OUT
BY OBJECT AND FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>Instruction</u>	<u>Plant Operation & Maintenance</u>	<u>Support</u>	<u>Total</u>
PERSONAL SERVICES				
Salaries	\$768,985		\$284,264	\$1,053,249
Hourly Wages	8,074	\$61,594	20	69,688
Employee Benefits	<u>162,683</u>	<u>20,817</u>	<u>64,079</u>	<u>247,579</u>
Total	<u>939,742</u>	<u>82,411</u>	<u>348,363</u>	<u>1,370,516</u>
OPERATING EXPENSES				
Contracted Services	7,515		13,612	21,127
Supplies & Materials	46,258	5,897	24,563	76,718
Communications	853	11,474	11,509	23,836
Travel	1,898		3,427	5,325
Rent	13,734		1,472	15,206
Utilities		58,520		58,520
Repair & Maintenance	15,426	6,272	5,223	26,921
Other Expenses	13,173	2,223	6,950	22,346
Goods Purchased For Resale				
Total	<u>98,857</u>	<u>84,386</u>	<u>66,756</u>	<u>249,999</u>
EQUIPMENT AND INTANGIBLE ASSETS				
Equipment	63,020			63,020
Intangible Assets				
Total	<u>63,020</u>			<u>63,020</u>
TOTAL PROGRAM EXPENDITURES	<u>\$1,101,619</u>	<u>\$166,797</u>	<u>\$415,119</u>	<u>\$1,683,535</u>
CURRENT FUNDS:				
Unrestricted Subfund				
Budgeted	\$1,132,491	\$193,821	\$452,659	\$1,778,971
Actual	<u>1,101,619</u>	<u>166,797</u>	<u>415,119</u>	<u>1,683,535</u>
Unspent Budget Authority	<u>\$ 30,872</u>	<u>\$ 27,024</u>	<u>\$ 37,540</u>	<u>\$ 95,436</u>

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is presented in the notes to the financial schedules on pages 18 through 22.

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES AND TRANSFERS OUT
BY OBJECT AND FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>Instruction</u>	<u>Plant Operation & Maintenance</u>	<u>Support</u>	<u>Total</u>
PERSONAL SERVICES				
Salaries	\$752,074		\$314,496	\$1,066,570
Hourly Wages	6,416	\$69,112		75,528
Employee Benefits	<u>158,170</u>	<u>21,750</u>	<u>68,924</u>	<u>248,844</u>
Total	<u>916,660</u>	<u>90,862</u>	<u>383,420</u>	<u>1,390,942</u>
OPERATING EXPENSES				
Contracted Services	2,398		33,363	35,761
Supplies & Materials	31,196	5,971	18,213	55,380
Communications	69	10,303	12,446	22,818
Travel	1,917	362	2,833	5,112
Rent	13,808		5,073	18,881
Utilities		63,714		63,714
Repair & Maintenance	15,456	4,274	6,836	26,566
Other Expenses	<u>7,700</u>	<u>2,135</u>	<u>4,208</u>	<u>14,043</u>
Total	<u>72,544</u>	<u>86,759</u>	<u>82,972</u>	<u>242,275</u>
EQUIPMENT AND INTANGIBLE ASSETS				
Equipment	<u>45,366</u>			<u>45,366</u>
Total	<u>45,366</u>			<u>45,366</u>
TOTAL PROGRAM EXPENDITURES	<u>\$1,034,570</u>	<u>\$177,621</u>	<u>\$466,392</u>	<u>\$1,678,583</u>
CURRENT FUNDS:				
Unrestricted Subfund				
Budgeted	\$1,036,789	\$188,734	\$483,238	\$1,708,761
Actual	<u>1,034,570</u>	<u>177,621</u>	<u>466,392</u>	<u>1,678,583</u>
Unspent Budget Authority	<u>\$ 2,219</u>	<u>\$ 11,113</u>	<u>\$ 16,846</u>	<u>\$ 30,178</u>

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is presented in the notes to the financial schedules on pages 18 through 22.

GREAT FALLS VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF ADDITIONS AND DEDUCTIONS
AGENCY FUND ASSETS
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1987

	<u>Additional Voted Millage</u>	<u>All Other</u> ¹
Asset Balance, July 1, 1985	\$ 50,000	\$ 1,757
Additions:		
Fiscal Year 1985-86	237,000	10,459
Fiscal Year 1986-87	<u>351,442</u>	<u>16,996</u>
Total Additions	<u>588,442</u>	<u>27,455</u>
Deductions:		
Fiscal Year 1985-86	268,000	11,506
Fiscal Year 1986-87	<u>296,749</u>	<u>16,026</u>
Total Deductions	<u>564,749</u>	<u>27,532</u>
Asset Balance, June 30, 1987	\$ <u>73,693</u>	\$ <u>1,680</u>

¹ This includes Student Government, Health and Liability Insurance, Vocational Industrial Club of America, and Outside Scholarship.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is presented in the notes to the financial schedules on pages 18 through 22.

GREAT FALLS VOCATIONAL-TECHNICAL CENTER

NOTES TO THE FINANCIAL SCHEDULES

FOR THE TWO FISCAL YEARS ENDED JUNE 30,1987

1. SUMMARY OF SIGNIFICANT ACCOUNTING Policies

A. Basis of Accounting

The state of Montana utilizes the accrual basis of accounting for the funds of higher education units. Under the accrual basis of accounting, a valid obligation exists when the related liability is incurred except for the following items which are also considered valid obligations under state accounting policy.

- If the appropriation provided funds to complete a given project, the entire amount of a contract may be accrued even though the services are rendered in fiscal years subsequent to the fiscal year in which the expenditure is to be accrued.
- The anticipated cost of equipment is expensed in the fiscal year in which budgeted.
- Goods ordered, but not received as of the fiscal year-end, may be accrued if the purchase order was issued in the fiscal year in which the anticipated expenditure is to be accrued.

B. Basis of Presentation

The financial schedules were prepared from the Statewide Budgeting and Accounting System (SBAS) without adjustments.

The state of Montana accounts are organized using a fund structure outlined in section 17-2-102, MCA.

The center uses the following higher education funds:

Current Funds -Include economic resources expendable for instruction, research, public service, and the allied support programs. Subgroups of the current funds group are as follows:

Unrestricted - funds received for which no stipulation was made by the donor or other external agency as to the purpose for which they should be expended.

Restricted - funds available for financing operations which are limited by donors and other external agencies to specific purposes, programs, departments, or schools.

Designated - funds associated with general operations but which have been internally restricted,. This fund is separately classified in order to distinguish the specific type of service being provided to the various departments and is supported by internal charges to the user departments. Examples at the center are resales for auto body and watchmaking.

Auxiliary - exists to furnish goods or services to students, faculty, or staff through a fee charged for the cost, although not necessarily equal to the cost of the goods or services. The revenues are derived directly from the operation of the auxiliary enterprise.

Endowment Funds - Donated funds invested in interest bearing accounts using only interest earned for scholarships to students. The donor or center has designated initial contributions as nonexpendable principal. Scholarships are awarded at the discretion of a scholarship committee and in accordance with any donor restrictions.

Agency Funds - Includes resources held by the institution as custodian or fiscal agent for individual students, faculty, staff members, and organizations.

In fiscal years 1984 and 1985, the center utilized two governmental funds, the General Fund and the Special Revenue Fund to record initial receipts, then transferred these moneys to the Unrestricted Subfund. Theses two funds are no longer used by the center. Receipts are recorded directly into the Unrestricted Subfund for fiscal years 1985-86 and 1986-87.

2. VACATION AND SICK LEAVE

Classified or support employees are allowed to accumulate and carryover a maximum of two times their annual accumulation of vacation into 90 days of a new calender year. Contracted teachers do not earn vacation.

Teachers earn 10 days of sick leave a year. All other full-time employees earn 12 days of sick leave a year. Accumulated sick leave is carried forward each fiscal year, with a maximum limit of 140 days for teachers.

Upon termination, qualifying classified and administrative employees having unused accumulated vacation and sick leave are paid 100 percent for vacation and 25 percent for sick leave. The liability amount associated with

unused accumulated vacation and sick leave at June 30, 1987, is approximately \$16,439 and \$81,672, respectively.

3. PENSION PLAN

Employees are covered by the Montana Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS). The center's contribution for PERS was \$14,958 in 1985-86 and \$15,406 in 1986-87. The center's TRS contribution was \$66,844 in 1985-86 and \$63,817 in 1986-87.

4. BUDGET INFORMATION

The annual appropriations for planning and controlling financial operations are set for each fiscal year of the biennium by the Legislature. At the end of each fiscal year the center's Unrestricted Subfund appropriations revert to the fund of original appropriation and may be spent only for valid prior year obligations.

Appropriations for the center were established within the following areas:

1. Personal services,
2. Operations, and
3. Capital expenditures.

6. STUDENT FTEs

SCHEDULE OF FULL-TIME EQUIVALENT STUDENTS (FTE) TWO FISCAL YEARS ENDED JUNE 30, 1987

<u>Quarter</u>	<u>Year</u>	<u>Contact Hours</u>	<u>Reported¹ FTEs</u>
Summer	1985	48,005	144.15
Fall	1985	111,990	336.18
Winter	1986	116,244	348.74
Spring	1986	115,814	347.47
Summer	1986	47,378	143.64
Fall	1986	131,304	363.95
Winter	1987	123,404	370.19
Spring	1987	125,694	377.09

¹ This is the reported contact hours divided by 333.3 contact hours as required by 10.41.101, ARM, to determine full-time equivalent (FTE) enrollment.

7. RELATED PARTY TRANSACTIONS

The building the center is occupying is reported on the school district's financial statements. The district did maintain the insurance on the building, as well as major maintenance. The center was not required to pay the school district for the use of the building, insurance, or maintenance.

Payroll is processed by the district and the processing charges are not billed to the center. The district bills the center for the center's payroll expenditures.

8. LEASES

Operating Lease

With passage of Chapter 658, Laws of 1987, the center and the school district have entered into a lease agreement for the building. Yearly lease payments of \$130,150 in fiscal year 1987-88 and \$117,813 in fiscal year 1988-89 are for principal and interest on the bond issue used to finance construction of the center. As part of this agreement, the school district will continue to pay the insurance premiums, but the center is responsible for maintenance of the building.

Capital Lease

The following is a lease schedule by year of future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 1987.

<u>IBM Model 36 Computer</u>	
1988	\$ <u>6254</u>
Minimum lease payments	6254
Less: amount representing interest	<u>626</u>
Present value of net minimum lease payment	\$ <u>5,628</u>

<u>IBM Software</u>	
1988	\$ 5,340
1989	5,340
1990	5,340
1991	5,340
1992	<u>5,340</u>
Minimum lease payments	26,700
Less: amount representing interest	<u>2,670</u>
Present value of net minimum lease payment	<u>\$24,030</u>

CENTER'S RESPONSE



GREAT FALLS
VOCATIONAL
TECHNICAL
CENTER

2100 - 16th Avenue South
Great Falls, MT 59405
406/791-2100

June 2, 1988

RECEIVED

JUN 02 1988

Mr. James Gillett
Deputy Legislative Auditor
State Capitol
Helena, MT 59620

**MONTANA LEGISLATIVE
AUDITOR**

Dear Mr. Gillett:

Attached are our responses to the recommendations made in the Financial Compliance Audit for the two fiscal years ended June 30, 1987.

The audit staff was sincere and cooperative in their approach to conducting the audit review. The audit staff included Geri Huschka, Jim Manning, Bill O'Donnell, Janet Tursich and Kathy Walsh.

Thank you.

Sincerely,

Willard R. Weaver

Willard R. Weaver
Director

WRW:mb

Attachments

RESPONSE

GREAT FALLS VOCATIONAL-TECHNICAL CENTER

AUDIT

FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1987

Recommendation #1

The center comply with federal regulations by:

- A. Documenting its calculation of cost attendance.

CENTER REPLY: Concur, documentation and guidelines were implemented following fiscal year 1985-1986. The Center would like to note that tuition costs established by the Office of Public Instruction were in affect. However, in Fiscal Year 85-86 the financial aid cost of attendance budget used the incorrect tuition amount.

- B. Consistently applying the established cost of attendance.

CENTER REPLY: Concur, the cost of attendance have constantly been applied following Fiscal Year 1985-86.

Recommendation #2

The Center:

- A. Recalculate all Pell awards made during our audit period to determine if overpayments occurred.

CENTER REPLY: All Pell awards will be recalculated by October 20, 1988.

- B. Reimburse the Pell grant account for Pell grant overpayments.

CENTER REPLY: The Center will bill students receiving an overaward of a Pell grant. Any needed adjustment to the Pell grant account will be followed as required by the rules and regulations of the U.S. Department of Education.

Recommendation #3

The Center improve review of student status changes to ensure lenders are notified within 60 days.

CENTER REPLY: Concur, procedures have been implemented to insure notification of lenders within the time period.

Mr. James Gillett
June 2, 1988
Page 2

Recommendation #4

The Center limit cash balances to one month's need.

CENTER REPLY: Concur, the use of electronic transfer will provide for better cash management.

Recommendation #5

The Center clarify policies for determining withdrawal dates and drop/add card processing.

CENTER REPLY: Concur, a written policy effective Summer Quarter of Fiscal Year 1989 indicates that drop/add cards returned to the office will be date stamped when received. This date will be the official date of any change in status.

